



FISCAL MEMORANDUM

SB 407 - HB 523

March 6, 2023

SUMMARY OF BILL AS AMENDED (004796): Authorizes the Department of Environment and Conservation (TDEC) to issue an aquatic resource alteration permit (ARAP) to a person in connection with the removal of sand, gravel, and similar sediments or deposits from streams or wetlands. Requires, if the person who has been issued an ARAP for commercial removal of sand, gravel, and similar sediments, that the person is deemed to have recovered such sediments from a stream or wetland owned by the state, and to compensate the state at a price equal to 2.5 percent of the market value of the finished product. Prohibits the TDEC from granting any permit associated with the removal of sand, gravel, or similar sediments from streams or wetlands located on private property unless the permit applicant owns the property, owns the mineral estate, or has received written consent from the private property owner and has submitted documentation of such ownership or consent to the TDEC.

FISCAL IMPACT OF BILL AS AMENDED:

Increase State Revenue –

\$1,500/FY23-24 and Subsequent Years/Environmental Protection Fund

Other Fiscal Impact – The amount of possible increase in state revenue to the General Fund is based on multiple unknown factors and cannot be reasonably determined.

Assumptions for the bill as amended:

- This legislation is estimated to result in additional ARAPs being issued by TDEC's Division of Water Resources.
- Pursuant to TDEC rule 0400-10-11-.02, an ARAP license can cost \$50, \$500, \$1,000, \$2,500, or \$5,000, dependent upon a number of factors.
- It is unknown what specific ARAP license or licenses will be issued as a result of this legislation.
- For purposes of this fiscal note, it is assumed that this legislation will result in at least three additional \$500 ARAP licenses issued statewide each year.
- License revenue from the issuance of ARAP licenses are allocated to the Environmental Protection Fund – Division of Water Resources.
- There will be a recurring increase in state revenue of \$1,500 (3 licenses x \$500) to the Environmental Protection Fund in FY23-24 and subsequent years.

- Additionally, this legislation will result in an increase in state revenue from the new compensation requirement from commercial removal of sand, gravel, or other sediments or deposits from a stream or wetland owned by the state.
- The cost to remove such minerals or sediments from state streams or wetland will equal 2.5 percent of the market value of the finished product.
- The revenue collected from these transactions will be allocated to the General Fund.
- The amount of such minerals and sediments that will be removed from state streams as well as the relevant market price at the given point in time and wetlands are unknown; therefore, any increase in state revenue to the General Fund cannot be determined at this time.
- Any increase in workload to TDEC as a result of this legislation can be accommodated with existing staff and resources.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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